

UNITED PRESS INTERNATIONAL
27 March 1985

CASEY
WASHINGTON

THE CIA EXPLAINED WEDNESDAY WHY AGENCY DIRECTOR WILLIAM CASEY FAILED TO PLACE IN A SPECIAL FINANCIAL TRUST HIS STOCK IN A CONGLOMERATE THAT HAS PROPOSED TO TAKE OVER AMERICAN BROADCASTING CO.

QUESTIONS ABOUT CASEY'S FINANCIAL HOLDINGS AND POSSIBLE CONFLICTS OF INTEREST HAVE DOGGED HIM SINCE HE BECAME DIRECTOR IN 1981.

THE LATEST INVOLVE CASEY'S INTEREST IN CAPITAL CITIES COMMUNICATIONS INC., A MEDIA CONGLOMERATE THAT CASEY HELPED FOUND IN 1954. LAST WEEK THE COMPANY PROPOSED A \$3.5 BILLION MERGER-ACQUISITION OF ABC'S TELEVISION AND BROADCASTING ASSETS. ABC ACCEPTED BUT THE FIRST SALE OF A TELEVISION NETWORK STILL REQUIRES GOVERNMENT APPROVAL.

CIA SPOKESWOMAN KATHY PHERSON SAID THAT WHEN CASEY, A SELF-MADE MILLIONAIRE, PUT HIS ASSETS INTO A TRUST IN 1983 TO AVOID POSSIBLE CONFLICTS OF INTEREST, CAPITAL CITIES COMPRISED SOME 60 PERCENT OF ALL HIS HOLDING.

"HE SOLD HALF OF THAT IN 1982 TO IMPROVE HIS PORTFOLIO," SHE SAID, "BUT THAT WAS NOT IN ANY WAY CONNECTED WITH THE TRUST." SHE SAID THAT CASEY HAS SAID THAT HE HAD NO ROLE IN DECISION-MAKING AT CAPITAL CITIES AND THAT HE HAD GIVEN UP HIS DIRECTORSHIP WHEN HE WAS APPOINTED CIA DIRECTOR IN 1981.

MOST OF CASEY'S OTHER STOCK IS HELD IN A DIVERSIFIED QUALIFIED TRUST, SHE SAID. THERE ARE TWO OTHER MAIN KINDS OF TRUSTS, THE OTHERS INCLUDING A DIVERSIFIED TRUST AND A BLIND TRUST, OVER WHICH AN INVESTOR HAS NO POWER OVER SELECTION AND TRADING OF HIS ASSETS.

PHERSON SAID THAT CASEY'S CAPITAL CITIES ASSETS WERE NOT ELIGIBLE UNDER TERMS OF A DIVERSIFIED QUALIFIED TRUST THAT CANNOT INCLUDE A HOLDING IF IT COMPRISES MORE THAN 20 PERCENT OF THE TOTAL PORTFOLIO.

SHE SAID THAT IN HIS LAST DISCLOSURE STATEMENT IN MAY 1984, CASEY VALUED HIS CAPITAL CITIES STOCK AT "MORE THAN" \$250,000. THAT IS THE HIGHEST CATEGORY REQUIRED IN GOVERNMENT DISCLOSURE STATEMENTS THAT DO NOT REQUIRE A SPECIFIC MONEY VALUE BUT ONLY "OVER" OR "LESS THAN" CATEGORIES.

NEWSDAY, THE LONG ISLAND, N.Y., NEWSPAPER, SUNDAY SAID THAT CASEY'S CAPITAL CITIES HOLDINGS ARE WORTH AS MUCH AS \$7.5 MILLION BUT STILL ONLY ABOUT ONE-QUARTER OF 1 PERCENT OF THE COMPANY'S STOCK.

THE WASHINGTON POST SAID WEDNESDAY CASEY HELD 34,755 SHARES IN CAPITAL CITIES.

MOST OF CASEY'S DIVERSIFIED QUALIFIED TRUST WITH OTHER THAN CAPITAL CITIES SECURITIES, PHERSON SAID, COMPRISE READILY MARKETABLE ASSETS, NONE OF WHICH CAN BE CONNECTED WITH COMPANIES HAVING "SUBSTANTIAL" DEALINGS WITH THE CIA.

CITING GOVERNMENT ETHICS RULINGS, SHE SAID, "THIS PROTECTS AGAINST CONFLICT OF INTEREST BECAUSE THE TRUST ASSETS SHOULD BE SO DIVERSIFIED THAT THE OFFICIAL ACTION OF THE PRINCIPAL ESTABLISHING THE TRUST CAN NOT HAVE ANY SIGNIFICANT EFFECT ON THE PERSON'S FINANCIAL INTEREST," SHE SAID.

PHERSON SAID SHE HAD BEEN ADVISED THAT CASEY ORIGINALLY WANTED TO INCLUDE HIS CAPITAL CITIES PORTFOLIO IN HIS DIVERSIFIED QUALIFIED TRUST BUT FOUND THOSE ASSETS WOULD NOT QUALIFY.